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REPORT FROM BRITAIN
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Aberdeen, Scotland
April 9, 1950

Nothing can be of greater significance to the American who is aware of the implications of the cold war than the success of British efforts to pull themselves up by their own economic bootstraps. For a change, here is a subject which should create no political misgivings on either side of the Atlantic. The immediate picture, as indicated by the government's Economic Survey for 1950, is one of considerable satisfaction and hope.

In 1949, according to the report, there was an overall average increase of more than six percent in industrial production. This was due mainly to the upping of output per man-year by five percent, brought about by more skilled work and better management. Output per man-shift at the coal face was better during 1949, and, with an average of 3.02 tons, exceeded the best pre-war level of 2.9 tons. The 15,550,000 tons of steel constitute a British record, and the production of engineering industries, which account for two-fifths of the exports of manufactured goods, is up seven percent over 1948. Wool and cotton textile mills have come through with substantial gains.

In 1947 there was launched a campaign to raise agricultural production more than twenty percent (or fifty percent above pre-war) by 1951-52. Half of that goal has already been achieved. Meat and sugar are the only food items for which average consumption is much below that of the 1930's. Due to heavy taxation and the greater availability of other goods, less was spent in 1949 on drink, tobacco, and entertainment. There was an increase of about \$280,000,000 in capital investment over 1948.

More important, three-fifths of the dollar and gold reserves lost in the crisis of last summer had been recovered by the end of the year. The nub of the situation, of course, lies in the unfavorable balance of overseas payments, which was reduced last year to \$196,000,000 as compared with \$294,000,000 in 1948 and \$1,680,000,000 in 1947. The dollar deficit of the sterling area may be only half as great on July 1, 1950 as it was the year before.

Of all the United Kingdom imports last year over thirteen percent (representing $2\frac{1}{2}\%$ of all resources available) were financed with Marshall Aid. To get down to tangibles we can comprehend,

one-third of all wheat and flour, one-third of the sugar, one-fifth of the cheese, a tenth of the bacon, one-fourth of the petroleum, a quarter of the copper, one-sixth of the lead, four-fifths of the bauxite, two-fifths of the cotton, and one-half of the tobacco, were paid for in this fashion. The British people are aware of the extent to which they are indebted to the United States for their economic recovery.

The government is placidly cautious about what the future holds for a Britain which has already known a dozen years of sacrifice and austerity. It sees sterner competition from such non-dollar exporters as Japan and Germany. It sees the necessity for continuation of the self-denial and self-discipline of the fifty million inhabitants of this island. In order that full advantage may be taken of devaluation, there must be reasonable restraint in personal claims upon increased production. There must be a heightened efficiency (no stepping up of the labor force is possible), lowered costs in industry, and elimination of waste in private and public economy alike, -- this is the price the British must pay if they are to achieve economic independence.

Britain can be reasonably expected to come through this grueling test with flying colors. But her future is clouded by the lengthening shadow of unemployment in America. Her hopes are based not only on the continuation, on a decreasing scale, of Marshall Aid for a couple of years more, but on the ability of the United States to continue the present level of business activity, on the rate of dollar investments in the rest of the world, and on a willingness of Americans to accept further British imports. These are factors of such supreme importance that without statesmanlike and constructive action on the part of leaders of both parties in the United States and the sympathetic understanding of the people generally, the most worthy efforts of the British could easily come to naught.

The next two years will be critical indeed. Total diplomacy must be backed by the integrated resources of the United States and the British Empire. So much depends on the ability of the average American to see how closely his destiny is identified with Britain's recovery.

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FASHION NOTE: There will be fewer British Easter brides this year. Weddings are now booming.

Easter comes on April 9. The Inland Revenue ends on April 5. Men who marry before that date can claim income-tax rebates up to about one hundred dollars.